

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

Deputy Director for National Foreign Assessment

NFAC 6664-81  
20 October 1981

DOE review completed.

MEMORANDUM FOR THE RECORD

SUBJECT: IG Meeting on US Non-Proliferation and Nuclear  
Cooperation

1. Investigation of Leaks Underway. The meeting held at State on 19 October, was chaired by Assistant Secretary (OES) James L. Malone. The purpose was to discuss proposals to modify various statutes governing certain international nuclear functions. Malone noted that the President had mandated a review of applicable laws, regulations, and procedures in National Security Decision Directive Number 6 of 16 July 1981 "to determine whether changes should be sought." Malone deplored leaks to the press of IG papers (most notably the Post's Oberderfer article about the paper prepared for the meeting--attached) and said that an investigation of leaks was underway and that the distribution system for sensitive papers was being reviewed.

2. Discussion of Proposed Modifications to Laws. Four proposals were discussed, each requiring Congressional acceptance:

a. Transfer of nuclear export licensing from the NRC to State. Malone said that Len Weiss (Minority Staff Director, Subcommittee on Energy Non Proliferation and Governmental Processes, Senate Committee on Governmental Affairs) had told him that this proposal could fly in Congress if it held the promise of a "fairly independent" licensing function within State. Malone also noted that in the last Administration the NRC had voted 3-2 in favor of this proposal.

b. Transfer of DoE export regulatory functions to State. Malone noted that this should dovetail with DoE reorganization/abolition. The DoE representative (H. Bengelsdorf) commented that "there could be penalties" if all of the regulatory and licensing functions were to be concentrated in State.

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c. Elimination of retroactive applications of export criteria in the Nuclear Non-Proliferation Act of 1978\*. Brazil and Argentina were cited as two good examples of the US "taking itself out of the action" if there were no adjustments on this issue.

d. Elimination of sanctions, in particular those embodied in provisions of the Foreign Assistance Act that require termination of certain economic and military assistance to any nation that transfers or receives reprocessing or enrichment equipment, material or technology. Malone noted that applications of these sanctions to Pakistan had not been in the overall US interest.

3. Next Steps. Preliminary and informal Congressional consultations will be held, and then a draft Presidential decision memorandum on the modifications will be circulated for interagency review.

  
Deputy Special Assistant for  
Nuclear Proliferation Intelligence

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\*The Act established a requirement that, as a condition for continued cooperation with non-nuclear weapon state recipients of US supply, IAEA safeguards be maintained on all nuclear activities in the cooperating country.

A6

Sunday, October 11, 1981

THE WASHINGTON POST

# U.S. Moving to Ease Laws on A-Weapons Abroad, Documents Show

## NUCLEAR, From A1

power industry by saying it would pick up a share of the cleanup costs at the disabled Three Mile Island plant in Pennsylvania. [Details on page A8]

Assistant Secretary of State James L. Malone, chairman of the interagency group considering the policy changes, wrote in an Oct. 2 memorandum that "preliminary and informal" consultations with Congress are to follow the Oct. 19 discussions. A final decision paper will then be drafted for more executive discussions and, ultimately, President Reagan's signature.

The documents circulated by Malone, partly in the form of "pro" and "con" discussion of the major proposals under consideration, explicitly state that powerful congressional opposition can be expected. This likely opposition, and the major legislative effort which would be needed to overcome it, are the main factors cited in the "con" column for the most sweeping proposals.

Several outspoken backers of current anti-proliferation laws and policies were cited in

the interagency document as probable opponents of the proposals for change. When contacted yesterday by The Washington Post, some of them made clear that a battle royal will erupt if Reagan adopts the proposals now under discussion.

Sen. John Glenn (D-Ohio) said the repeal of the current sanctions against nations moving toward a nuclear weapons capability would leave "a toothless policy" and would tend to treat nuclear matters abroad as "just another business development like selling automobiles or washing machines."

Among the sanctions that are being considered for elimination are those sponsored by Glenn and by former senator Stuart Symington, which bear their names, and sanctions provisions of the Nuclear Non-Proliferation Act of 1978. Glenn said he believes that such changes would go "further than Congress will want to go."

Sen. Alan Cranston (D-Calif.) said the administration papers as reported to him by The Post, are "right about two things: there will be strong opposition, and particularly from me."

Glenn and Cranston, along with Reps. Jonathan B. Bingham (D-N.Y.) and Clement J. Zablocki (D-Wis.), were mentioned in the administration documents as the likely source of "particularly strong opposition" in Congress to some of the proposals. Bingham and Zablocki could not be reached.

Commissioner Victor Gilinsky of the Nuclear Regulatory Commission "is likely to testify against" a transfer of the functions of the NRC to the State Department, according to the administration papers. Gilinsky said he would oppose such a move "vigorously" in congressional testimony because "the NRC has served a very valuable function in being an independent check on the way the laws on nuclear exports are carried out."

Gilinsky said the State Department has always wanted to take complete control of nuclear exports but "I would be surprised if this goes forward" because of the extensive opposition it would generate in Congress and elsewhere.

Paul Leventhal, president of the Nuclear Club Inc., a Washington-based group opposing the spread of nuclear weapons, said the

proposals as reported "demonstrate the Reagan administration's dangerous insensitivity to the proliferation problem" and amount to "nuclear know-nothingism."

Leventhal, who testified before a House subcommittee last week on nuclear policies, said that placing the State Department in sole control of nuclear exports would be "like putting the fox in charge of the chicken coop."

The deliberations in the policy-making committee follow an announcement by Reagan July 16 of broad guidelines under which U.S. standing as "a reliable supplier" of nuclear materials would be emphasized as a tool against the spread of nuclear weapons. At that time, it was announced that proposed laws and regulations to implement this policy would be forthcoming.

The proposals under discussion are similar to those recommended by Malone last Dec. 18 as chairman of the Non-Proliferation Coordinating Committee of the Reagan transition. This report became highly controversial, both because of its substance and because Malone in private life was a lawyer

representing nuclear industry clients, including some in Taiwan and Japan.

Neither Malone nor members of his staff could be reached for comment yesterday.

The documents circulated to the administration policy makers said that "a proposed reorganization plan" to encompass all the controversial changes is under consideration. If this is not possible, the changes "will be transformed into bill provisions," according to the papers.

The documents argue that the changes under discussion would "eliminate existing and future complications for American foreign policy, simplify policy making and enhance the U.S. standing as a 'reliable supplier' of nuclear materials."

At the same time, the documents acknowledge that some of the changes will be seen as "a major weakening of U.S. non-proliferation policy and resolve" and could reinforce "congressional fears" about the direction of administration policy. If the changes are rejected by Congress, the papers point out, this could adversely affect "foreign perceptions of the United States as a nuclear supplier."

# Administration Moving to Loosen Laws On Curbs for Nuclear Weapons Abroad

By Don Oberdorfer  
Washington Post Staff Writer

The Reagan administration is moving toward adoption of a highly controversial program to sweep away the most binding aspects of current laws on retarding the spread of nuclear weapons abroad, according to documents circulated to senior officials.

Among other things to be considered in an Oct. 19 meeting of nuclear control policy makers, according to the papers prepared for the session, are:

- Transferring to the State Department all the export licensing functions of the Nuclear Regulatory Commission, an independent agency

established by Congress as a check on executive decisions in this field.

- Repealing the current provisions of law that cut off U.S. nuclear exports as well as military and economic assistance to nations moving toward producing atomic weapons for the first time.

- Weakening current laws requiring countries without atomic weapons to permit international inspection of all their nuclear facilities in order to continue buying nuclear materials from the United States.

Together with other announced or impending decisions in the nuclear field, acceptance of such proposals would represent a full-scale turnabout in governmental policy. The

increased strictness with U.S. nuclear exports that followed the global shock waves of India's 1974 atomic test would give way to a much greater official permissiveness, with reliance instead on American standing as a "reliable supplier" for leverage to discourage the spread of atomic weapons.

Meanwhile, the United States' own expanding nuclear weapons program will mean a dramatic increase in domestic production of weapons-grade plutonium, according to government sources. [Details on page A7] And the Reagan administration followed up its recent policy announcements in favor of the nuclear

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